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**IN THE UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
NORTHERN DIVISION**

In re:

HVI CAT CANYON, INC.,

Debtor.

Case No. 9:19-bk-11573-mb

Chapter 11

**DECLARATION IN LIEU OF  
AFFIDAVIT IN OPPOSITION TO  
EXPERT REPORT OF MONTY KEHL  
DATED AUGUST 29, 2019 AND IN  
FURTHER SUPPORT OF CASH  
COLLATERAL MOTION**

Randeep S. Grewal, of full age, declares the following to be true under penalty of perjury pursuant to 28 U.S.C. § 1746:

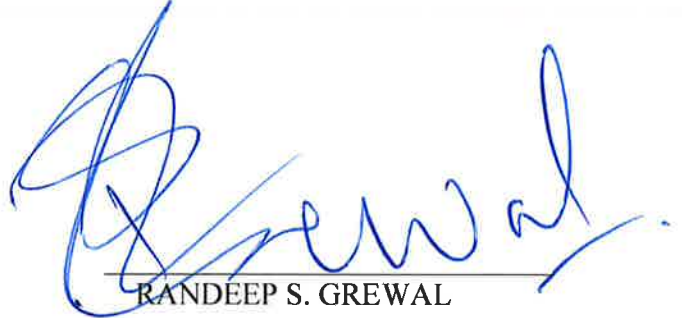
1. I am over the age of 18 and am a resident of Hong Kong .
2. I am the Chairman of HVI Cat Canyon, Inc. ("Debtor") and have personal knowledge of the facts in this Affidavit based upon Debtor's books and records, and, if called as a witness, could testify competently about them.
3. I submit this Declaration in Lieu of Affidavit pursuant to Rule 9006(d) of the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rule 9013-1(c)(3)(A) in support of Debtor's opposition to the valuation ("Huron Valuation") of Debtor's assets prepared by Monty Kehl of Huron Consulting Services LLC dated August 29, 2019. Objection at ¶¶ 31-35. The Huron Valuation fails to account for factors that should have influenced its conclusions. Notably, California Oil & Gas onshore long-life producing assets are sold on a specific matrix and are very dependent on the quality of the producing barrel. The Huron Valuation presents a

trade of \$88,000 per flowing barrel as the most recent comparable trade (placing Debtor's value of its producing barrels at \$114 million - roughly equal to the UBS Debt) but attempts to depress this value by averaging trades from three (3) years ago. These older trades took place in a very different market, however, when oil prices were approximately 25% lower.

4. Additionally, the Huron Valuation does not account for the very different quality barrel. The Huron Valuation fails to differentiate between steam-injected barrels and those that are not. Debtor's lack of steam injection produces premium long-life reserves, which Debtor has done successfully for the past 22 years. These premium long-life reserves are expected to sell at a premium as compared to steam-injected flowing barrels. Thus, the Huron Valuation is fundamentally flawed and demonstrates the lack of actual expertise to the assets of the Debtor.

5. Notably, the Huron Valuation values the Collateral *significantly lower* than the valuations UBS used during its twelve (12) year banking history with Debtor. This utterly fails to account for the \$100 million in financing provided to Debtor in May 2016 which was based on Midway Sunset oil pricing of \$39 per barrel; recently, Midway Sunset oil is priced at \$57 per barrel, a significant increase of approximately 46%. The Huron Valuation fails to account for how UBS processed this new loan, obtained all necessary approvals from various required committees and consultants, and ultimately approved a \$100 million loan to Debtor at a time when oil prices were 46% lower. This loan was made by UBS a mere three (3) years ago and clearly at some discount to the then Loan to Value ("LTV"). We all would expect a bank to advance loans at some discount to LTV. Now, however, UBS attempts to argue that the very same assets on which it relied upon to collateralize \$100 million loan are worth only 50% of its funded debt. The argument lacks credibility, and the facts simply do not support it.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that this Declaration in Lieu of Affidavit is executed on September 27th, 2019 in Hong Kong



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RANDEEP S. GREWAL